



Washington State Department of
Labor & Industries

Workers' Compensation Services



Your Premium Dollars at Work

*Washington's Workers'
Compensation System*



December 2013

Dear Employer:

In 2013, L&I welcomed new Director Joel Sacks and renewed the agency mission to “Keep Washington Safe and Working.” We immediately began discussions with our customers and staff on ways to reduce costs by helping injured workers heal and return to work more quickly.

Our focus in 2014 will be to further prevent workplace injuries and decrease long-term disability, ultimately reducing costs of claims by \$35–\$70 million. To do that, we aim to:

- Improve workplace safety.
- Help injured workers return to work as soon as they are medically able.
- Streamline L&I’s workers’ compensation claims processes.
- Improve quality of medical care.
- Make it easier to do business with L&I.

For two consecutive years, L&I kept base premiums down with no increase in average base rates. In 2013, we provided insurance coverage for over 84,000 injured-worker claims.

In 2014, we will begin to apply four principles to premium rate adjustments:

- Set steady and predictable rates.
- Benchmark against wage inflation (this happens automatically in other states).
- Rebuild reserves slowly to protect against unexpected changes.
- Lower costs while focusing on better outcomes for injured workers.

Even with these goals, there are fluctuations for each employer depending on the claims experience for their industry, and for their workers.

As an employer, there are several ways you can help reduce your own claim-cost experience when one of your workers is hurt at work. High on the list is the Stay at Work Program.

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Over 2,000 employers have received \$17 million to reimburse them for some of the costs of bringing workers back to medically-approved, light-duty jobs. These employers are helping their own bottom line, while reducing time-loss and long-term disability costs.

Other initiatives are showing positive results. More than 17,000 medical providers are treating injured workers as part of the L&I Medical Provider Network, launched in January 2013. And two new Centers for Occupational Health and Education (COHEs) joined four existing COHEs, doubling the number of providers supporting best practices proven to reduce disability. Together, these initiatives will help improve quality of care for injured workers.

L&I begins 2014 with great optimism to provide better insurance services to you and your workers, while managing processes and costs efficiently and effectively. Through our partnership, we will continue to build a stronger workers' compensation system.



Best wishes for a safe and prosperous 2014.

Vickie Kennedy
Director of Insurance Services

What is Workers' Compensation?

It is a no-fault insurance for work-related injuries and illnesses that protects both employers and workers. No-fault means workers give up their right to sue their employer for a work-related injury or illness. The insurance also protects employers from the cost of extended claims and tort liability.

Who is covered?

Workers' compensations insurance through the Department of Labor & Industries (L&I) covers 168,000 employers and about 2.5 million workers. Premiums and investment earnings finance the program. Workers pay on average about 25% of the premium, while employers pay the remaining 75%. Washington is the only state where workers pay a significant portion of the premium.

Workers' Compensation Statistics at a Glance

Operating Environment	FY 2013	FY 2012
Employers Insured	168,000	166,000
Workers Covered	2,490,000	2,420,000
Hours Reported	3,270,000,000	3,183,000,000
Premiums Assessed (employers' portion)*	\$1,429,000,000	\$1,358,000,000
Premiums Assessed (workers' portion)*	\$313,000,000	\$290,000,000
Benefits Incurred	\$2,162,748,000	\$1,957,245,000

Claim Statistics	FY 2013	FY 2012
Number of Claims Filed	103,328	101,524
Number of Claims Accepted	84,064	84,863
Number of Claims Denied	14,077	13,857
Number of Fatal Pensions Awarded	44	35
Number of Total Permanent Disability Pensions Awarded	1,614	925
Number of Claims Closed with Permanent Partial Disability Awards	10,760	11,524
Number of New Time-loss (Wage Replacement) Claims	19,740	20,205
Number of Medical-only Claims Accepted	67,171	67,539
Number of Injured Workers Completing Training Plans**	583	595
Total Number of Days Lost from Work	7,521,311	7,850,982

Demographics of Accepted Claims	FY 2013	FY 2012
Percent of Injured Workers Male	67%	67%
Percent of Injured Workers Female	33%	33%
Average Worker Age at Injury	38	38
Percent of Workers Under Age 30	27%	27%
Percent of Workers Age 30-50	46%	46%
Percent of Workers Age 51 and Over	24%	24%

Most Frequent Injuries	FY 2013 # of Claims
Back, spine and spinal cord: Traumatic injuries to muscles, tendons, ligaments, and joints (includes sprains and strains)	10,247
Finger(s): Open wounds of finger(s), fingernails (includes cuts and lacerations, and amputation of fingertip or finger)	8,665
Face: Surface wounds and bruises (includes splinter or other foreign body in eye, and bruises or contusions of the forehead)	3,723
Leg(s): Traumatic injuries to muscles, tendons, ligaments, joints, etc., such as knee and thigh (excludes ankle and hip)	3,614
Shoulder: Traumatic injuries to muscles, tendons, ligaments, joints, etc. including clavicle and scapula (injuries to muscles, tendons, and ligaments that are not specifically otherwise classified)	3,441

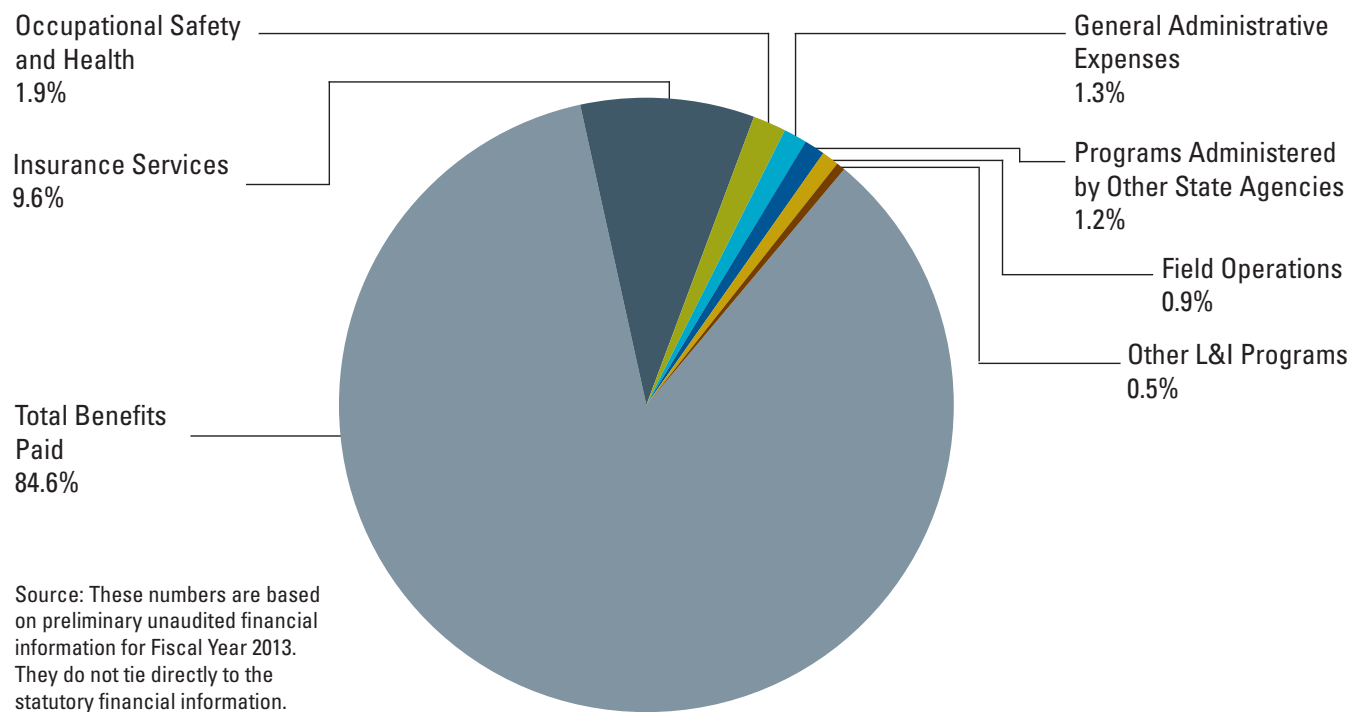
Notes: The data are a snapshot of FY 2013 (year ending June 30, 2013) as of fall 2013.
 Because of rounding, some columns may not add up to 100%.
 Counts of accepted and denied claims reflect actions in that year regardless of when claim was filed.
 Counts of new time-loss (wage replacement) claims reflect claims with first time-loss payments, regardless of year claim was accepted.

* Includes only Accident and Medical Aid premiums.

** Includes only training plans successfully completed during the year.

Your State Fund Premium Dollars at Work

An accounting of programs and services funded with your insurance dollars
July 1, 2012, through June 30, 2013



EXPENSE CATEGORY	AMOUNT PAID	PERCENTAGE
Total Benefits Paid	\$1,474,970,905	84.6%
■ Injured workers’ medical treatment, partial wage replacement, disability and pension benefits (excludes cost-of-living adjustments); employer reimbursements under the Stay at Work Program, structured settlement payments		
Insurance Services	\$167,498,316	9.6%
■ Claims Management: Manage claims, medical treatment and vocational services, pay benefits	\$75,738,416	4.3%
■ Insurance Services Division Expenses	\$20,948,373	1.2%
■ Health Services Analysis and Office of the Medical Director: Control medical/ drug costs, manage medical providers, develop treatment guidelines, pay medical treatment bills	\$20,789,857	1.2%
■ Information Services: Technology development, and maintain data and voice systems	\$16,785,950	1.0%
■ Fraud, Collection and Audit: Investigate worker, employer and provider fraud; conduct audits; collect overpayments and delinquent premiums	\$11,586,772	0.7%
■ Legal Services: Manage appeal cases, recover claim costs from third parties	\$11,549,802	0.7%
■ Employer Services: Manage employer accounts, assess and collect premiums	\$10,099,146	0.5%
Occupational Safety and Health	\$34,200,446	1.9%
■ Division of Occupational Safety and Health: Provide safety and health compliance, consultation and education	\$32,200,596	1.8%
■ Safety and Health Assessment and Research for Prevention (L&I’s safety/health research program)	\$1,999,850	0.1%
General Administrative Expenses	\$21,838,780	1.3%
■ Human resources, budget and accounting, facilities maintenance, director’s office support of workers’ compensation program		
Programs Administered by Other State Agencies	\$20,306,181	1.2%
■ Board of Industrial Insurance Appeals: Independent board, hears appeals in workers’ compensation cases and safety and health citations	\$15,142,853	0.9%
■ University of Washington Dept. of Environmental & Occupational Health Sciences: Promote safer workplaces and prevent occupational injuries and diseases through teaching, research and service	\$4,873,378	0.3%
■ Department of Health: Consolidation of L&I and Dept. of Health responsibilities for inspection of farm worker housing	\$177,139	<0.1%
■ Joint Legislative Audit and Review: Contracted to perform a performance audit of workers’ compensation claim management system	\$76,950	<0.1%
■ Health Care Authority: Consolidation of prescription drug purchasing by L&I and other agencies, manage preferred drug list	\$35,861	<0.1%
Field Operations: L&I Offices and Staff Costs Statewide	\$15,757,513	0.9%
Other L&I Programs	\$ 9,034,752	0.5%
■ Employment Standards/Workplace Rights: Enforce laws regulating child labor, minimum wage, overtime and working conditions	\$ 7,117,584	0.4%
■ Apprenticeship: Oversee registered apprenticeship to build a skilled workforce	\$ 1,917,168	0.1%
TOTAL EXPENSES	\$1,743,606,893	100.0%

Note: Because of rounding, some columns may not add up to 100%.